

VZCZCXYZ0000
RR RUEHWEB

DE RUEHWN #0691/01 3261751
ZNY CCCCC ZZH
R 211751Z NOV 08
FM AMEMBASSY BRIDGETOWN
TO RUEHC/SECSTATE WASHDC 6894
INFO RUCNCOM/EC CARICOM COLLECTIVE
RUEHCV/AMEMBASSY CARACAS 1924
RUMIAAA/HQ USSOUTHCOM J5 MIAMI FL
RUMIAAA/HQ USSOUTHCOM J2 MIAMI FL

C O N F I D E N T I A L BRIDGETOWN 000691

SIPDIS

E.O. 12958: DECL: 11/21/2018
TAGS: [ENRG](#) [PREL](#) [EINV](#) [KTDB](#) [IR](#) [XL](#)
SUBJECT: EARTH, WIND AND FIRE: ST. KITTS GOVERNMENT
PURSUES ALTERNATIVE ENERGY

Classified By: POLECON Chief Ian Campbell, reasons 1.4 (b,d)

SUMMARY

1. (SBU) The early success of a geothermal project in Nevis, a budding interest in wind energy, and a shortage of suitable land is diminishing the Government of St. Kitts and Nevis' (GOSKN) earlier interest in pursuing bio-fuels. Nevis, a geothermal reservoir, which is capable of generating more than three times the current electrical energy demands for St. Kitts and Nevis when fully developed, is scheduled to begin producing electricity in late 2009. Currently, all power on St. Kitts and Nevis is generated by diesel generators, leaving the small nation vulnerable to petroleum exporting powers and generator malfunctions. Electrical energy produced using domestic sources will substantially reduce this influence, and could lead to downstream investment opportunities for U.S. companies. End Summary.

ST KITTS GOVERNMENT COOLING ON BIOFUELS

2. (SBU) According to the Minister of Sustainable Development, Nigel Carty, the GOSKN's enthusiasm for bio-fuels is fading. A recent study by a Brazilian NGO revealed that 5000 acres of land is needed in order to make the bio-fuels project feasible. The GOSKN has only identified a potential 4000 acres for bio-fuel crop production; this 4000 acres may be further reduced due to a government push for food security. Farmers previously producing sugar cane have switched to food crops, with government support, after the government's decision to close down the sugar cane industry.

3. (SBU) The GOSKN's diminished interest in the bio-fuels initiative is also due to the recent success of the geothermal project on Nevis. The Nevis geothermal project has the potential to generate 150 megawatt hours of electricity when fully developed. This far exceeds the country's combined demand of 40-45 megawatt hours. GOSKN officials are optimistic about seeing electricity generated from the project in mid- to late 2009. All electricity in St. Kitts and Nevis is currently generated by diesel generators, with consumer electric rates closely linked to the price of oil. Recently damaged by fire, two of the generators are not functioning, driving the cost of electricity even higher. Today, consumers pay approximately 25 cents per kilowatt hour. When geothermal energy comes online, GOSKN expects to cut that rate in half.

EXPERIMENTING WITH WIND

¶4. (SBU) GOSKN is also conducting a feasibility study of wind-generated electrical power. Minister Carty said that an American company, Northstar, has already shipped 14 wind test turbine towers to St. Kitts in order to conduct the study. These test wind turbine towers are smaller than the production turbines and are easily installed in prospective sites. If the study is successful, the GOSKN plans to install 15 production turbines, each capable of generating 900 kilowatt hours. Carty believes that, on average, at least 10 megawatt hours can be generated through wind production.

COMMENT

¶5. (C) Because of St. Kitts and Nevis current complete dependence on oil for electric power, they have been open to influence by petroleum exporting countries such as Venezuela. As a result, the GOSKN signed on to Petrocaribe and ALBA and is currently receiving shipments of fuel from Venezuela. Prime Minister Denzil Douglas, in a recent conversation with the Ambassador, stated he recognizes Venezuela will expect payment for this fuel in the future. If GOSKN can achieve energy independence through wind and geothermal sources, it will reduce Venezuelan influence and lessen the financial energy burden on its citizens. The recent cooling towards bio-fuels is disappointing, but should not be catastrophic in terms of St. Kitts and Nevis' energy independence. Although ongoing geothermal exploration appears promising, and wind is emerging as a strategic back up, it remains to be seen when electricity will actually be delivered into the power grid.

The bigger question could end up being, what will St. Kitts and Nevis do with the 100-plus megawatts of excess production capacity? Therein may lie an investment opportunity for distribution within the region.

HARDT